

# Classification Hearing



**Mayor Joseph A. Curtatone**  
**November 24, 2015**

# Assessors Continue Expanded Outreach & Services

- Values released six weeks early
- Property tax update to be sent to every owner
- Late Thursday office hours to be advertised
- Revamped webpage offers easy access to information
- Continued promotion of all information throughout the month of December



Look Up FY16 Values:  
Assessor's Database



FY15 Property Tax  
Update (Newsletter)



Frequently Asked  
Questions



Abatement / Appeal  
Information



Residential Exemption



Exemptions for Seniors  
& Others

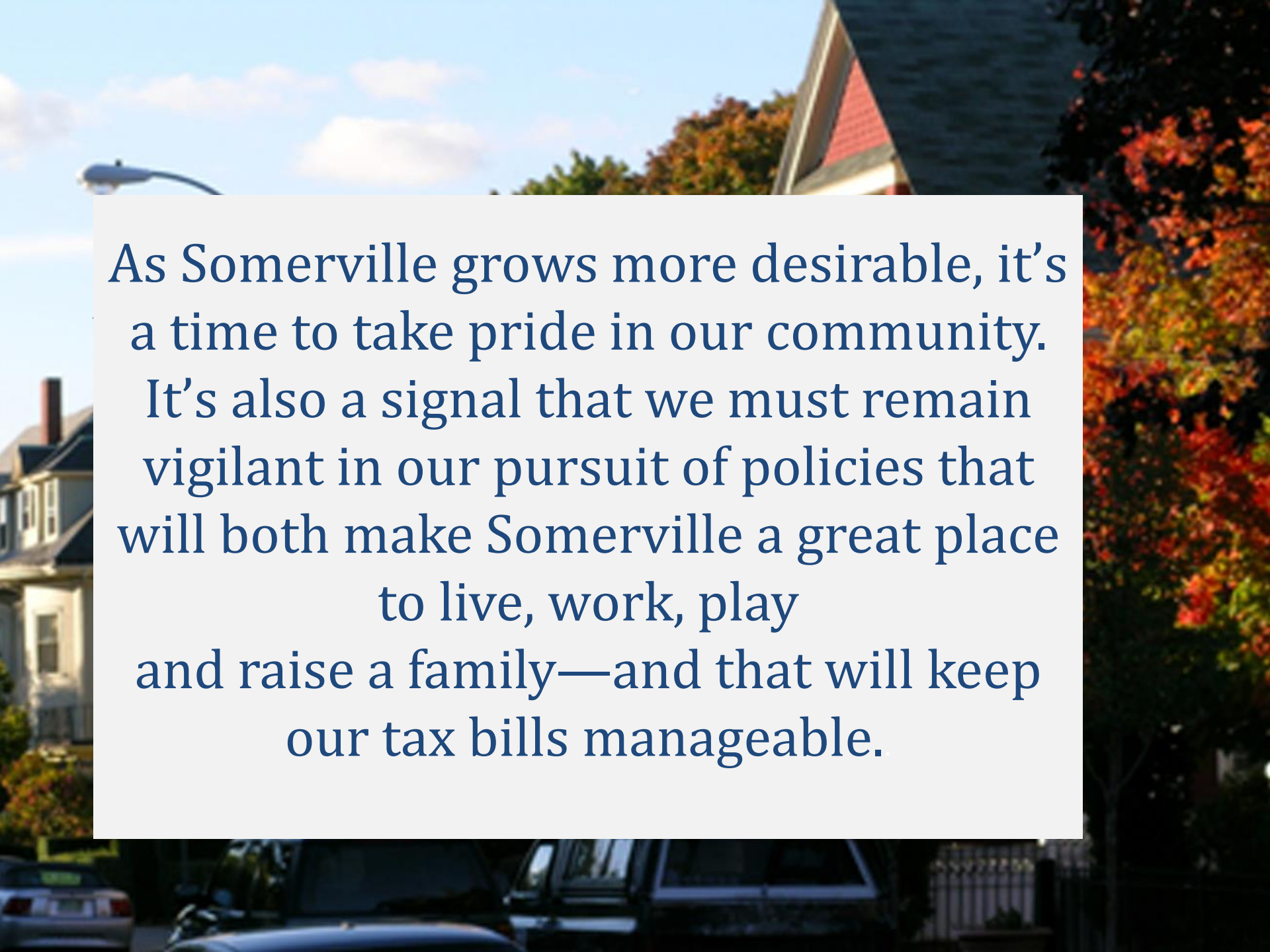


Motor Vehicle  
& Trailer Excise Tax



Assessor's Map

[www.somervillema.gov/assessing](http://www.somervillema.gov/assessing)



As Somerville grows more desirable, it's  
a time to take pride in our community.  
It's also a signal that we must remain  
vigilant in our pursuit of policies that  
will both make Somerville a great place  
to live, work, play  
and raise a family—and that will keep  
our tax bills manageable.

# Assessment Key Updates

# Recent Tax Relief Initiatives

- Residential Exemption amount increased to 35%
- Eligibility level & maximum amount increased for seniors (41C recipients)
- Senior work-off income limits increased
- Interest rate lowered & income limit raised for tax deferral program (41A)
- Additional real estate exemption up to 100% allowed
- Tax deferral on property & auto excise for National Guard members & reservists

# 35% Residential Exemption starting 2015

- The largest residential exemption percentage in the state

**\$2,624**  
Residential  
Exemption  
Tax Savings in  
FY16

# No override in Somerville

Once again, we are not going to the Levy Limit

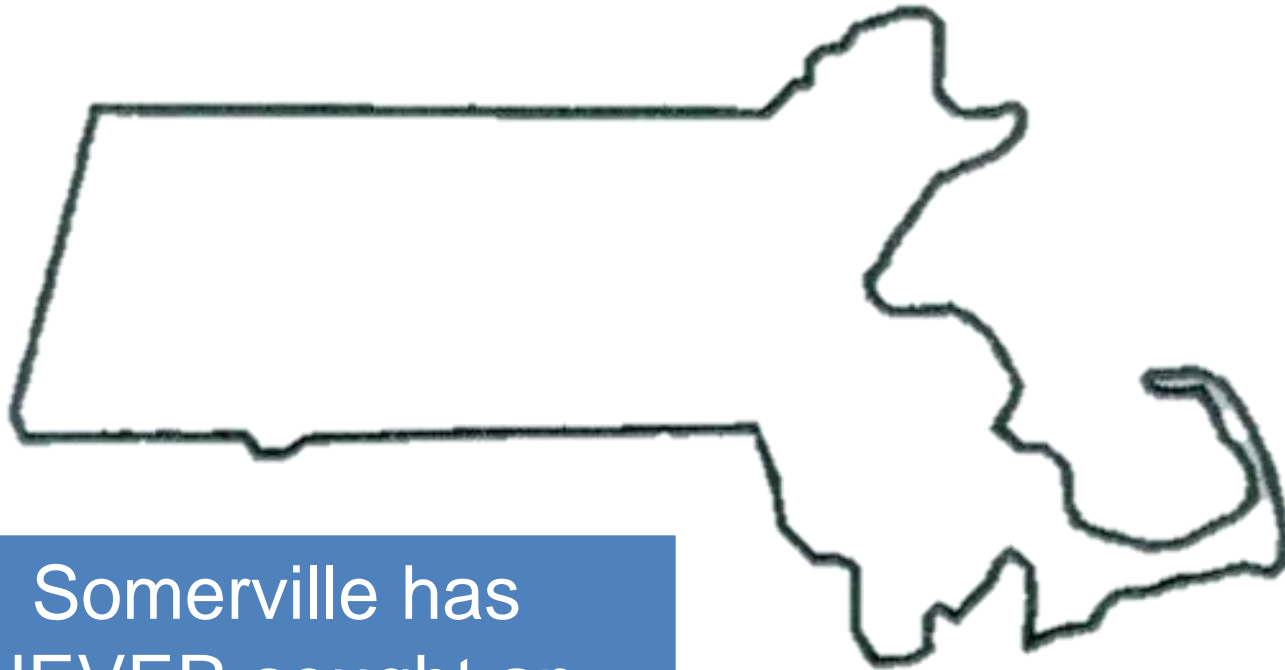
- **\$304,000** total excess levy capacity



Source: Flickr/Steven Isaacson



Since 2000,  
**221 Mass. Communities** have requested  
**1,487 overrides**



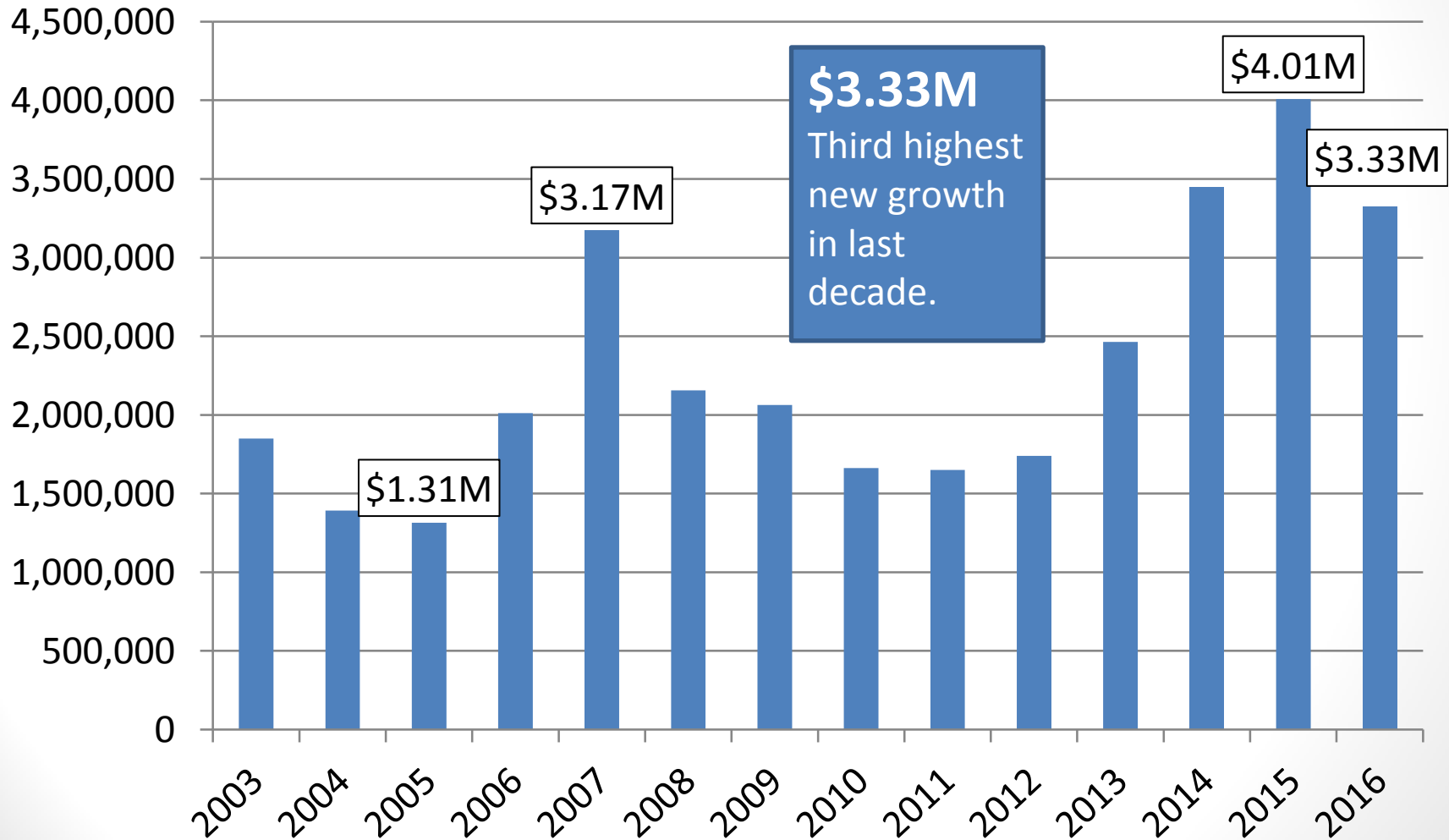
Somerville has  
**NEVER** sought an  
override

As of October 2015



# Continued Strong New Growth

## Annual New Growth – FY2003 through FY2016



# Commercial Growth Producing New Tax Revenues

- **51%** ( \$1.7M) of new tax levy growth is from commercial sources
- Assembly Row development is saving residential taxpayers money on their tax bills



Property Type	Annual Taxes Avoided
Condominium	\$100
1-Family	\$144
2-Family	\$167
3-Family	\$199
4-8 Family	\$265

# Assembly Square DIF Success

- FY16 Debt Service: \$ 916,693
- FY16 **Projected** Captured Increment: \$2,305,975
- FY16 **Actual** Captured Increment: \$2,672,259



Image Source: FRIT

DIF revenue is  
more than  
double the  
debt service  
and is ahead of  
projections

# Highest Bond Rating Ever

S&P

**A+**

2004



**AA+**

2015

Moody's

**A2**

2004



**Aa2**

2015

**Ratings guarantee savings for Somerville**





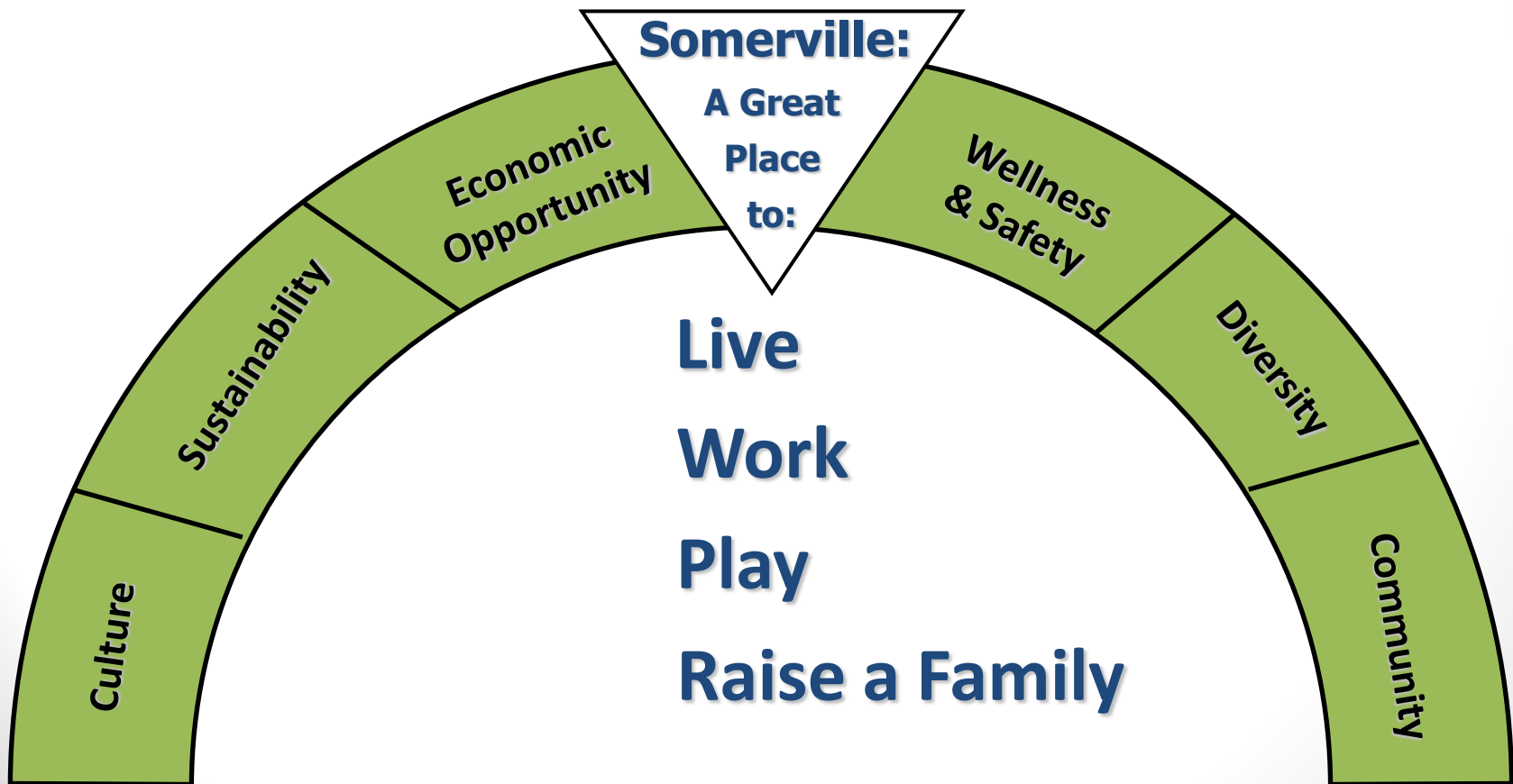
Investing

in

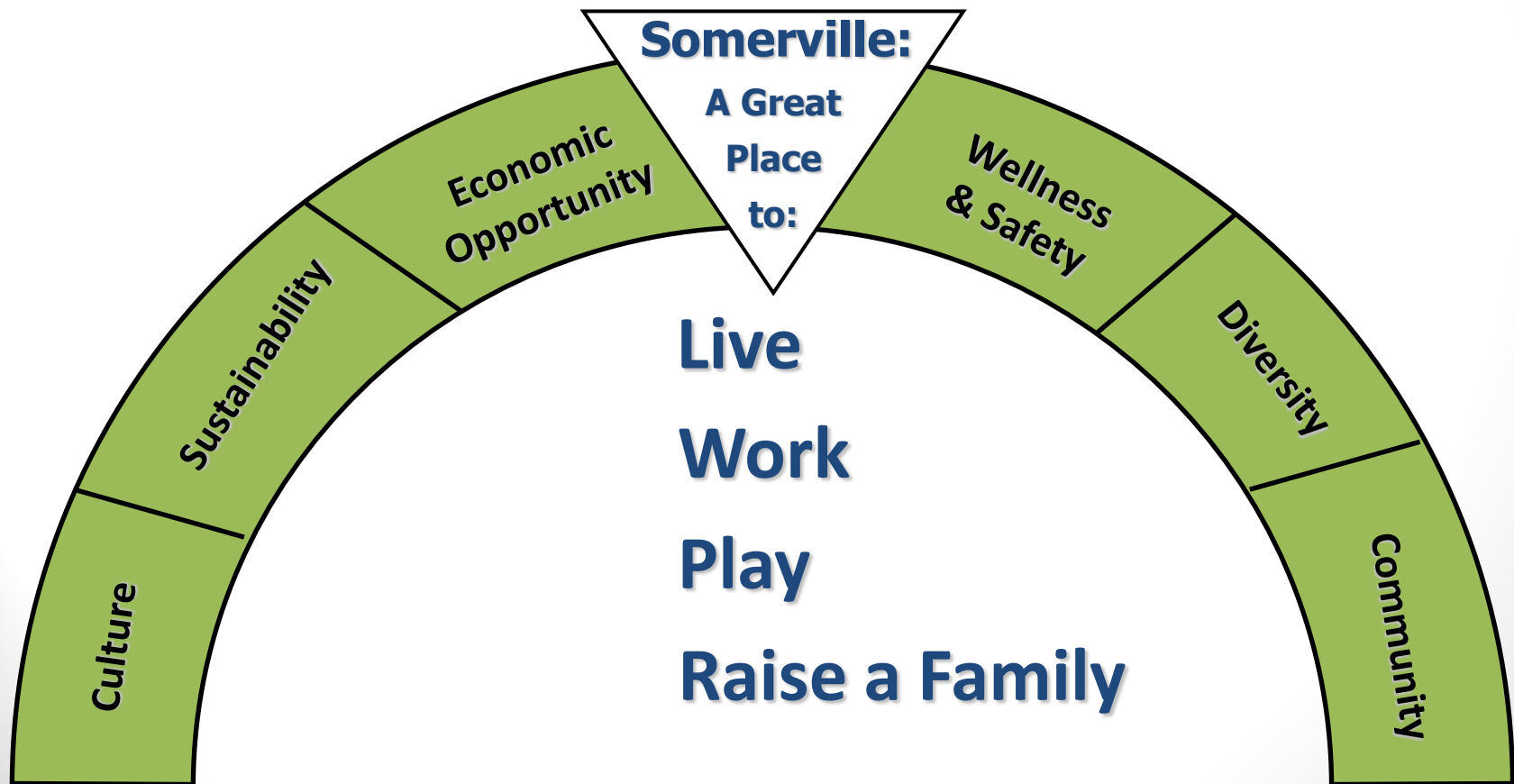
Somerville



# A Budget Guided by Our Core Principles and the Community's Orienting Values



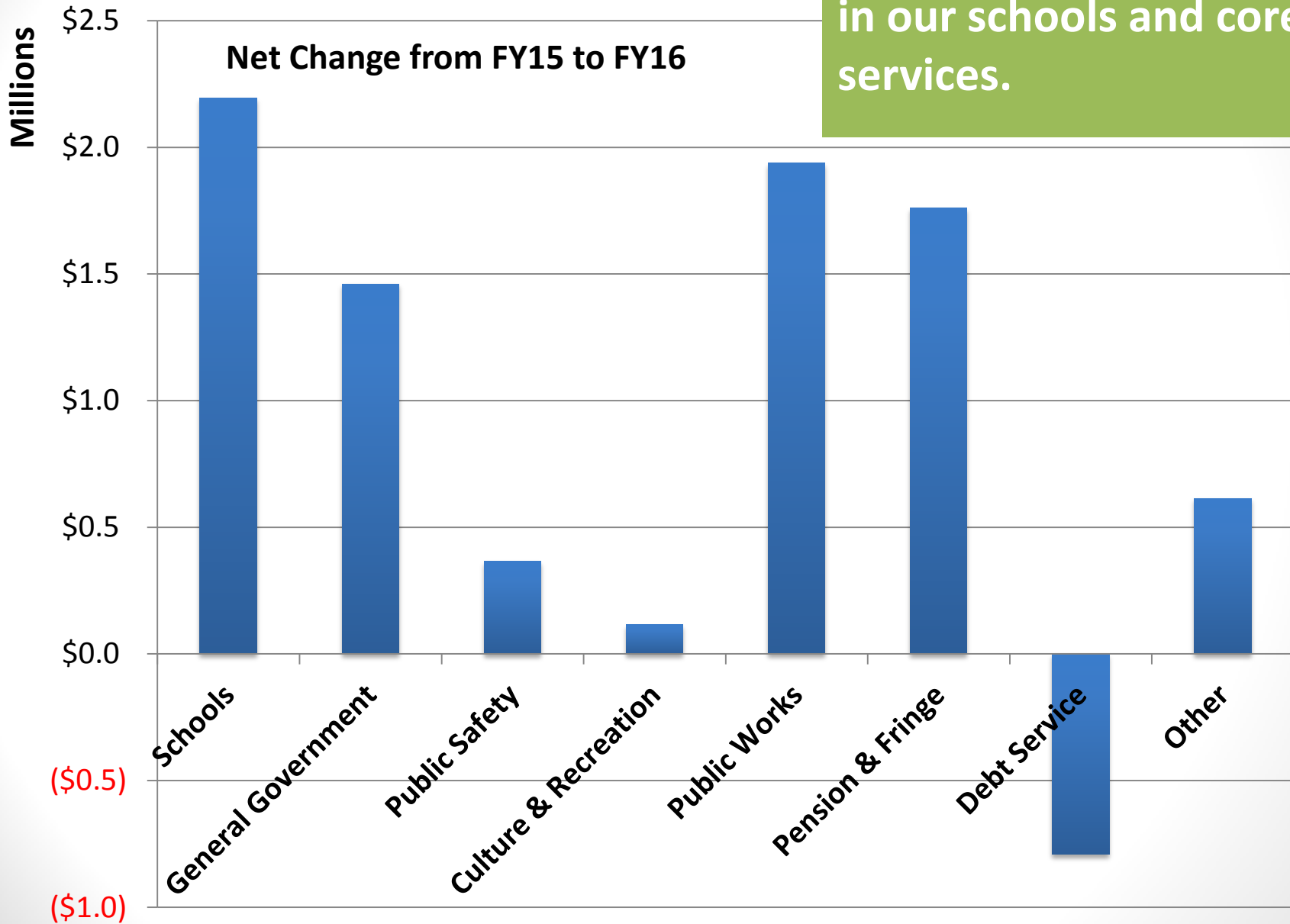
# A Budget Unanimously Approved by the Board of Aldermen





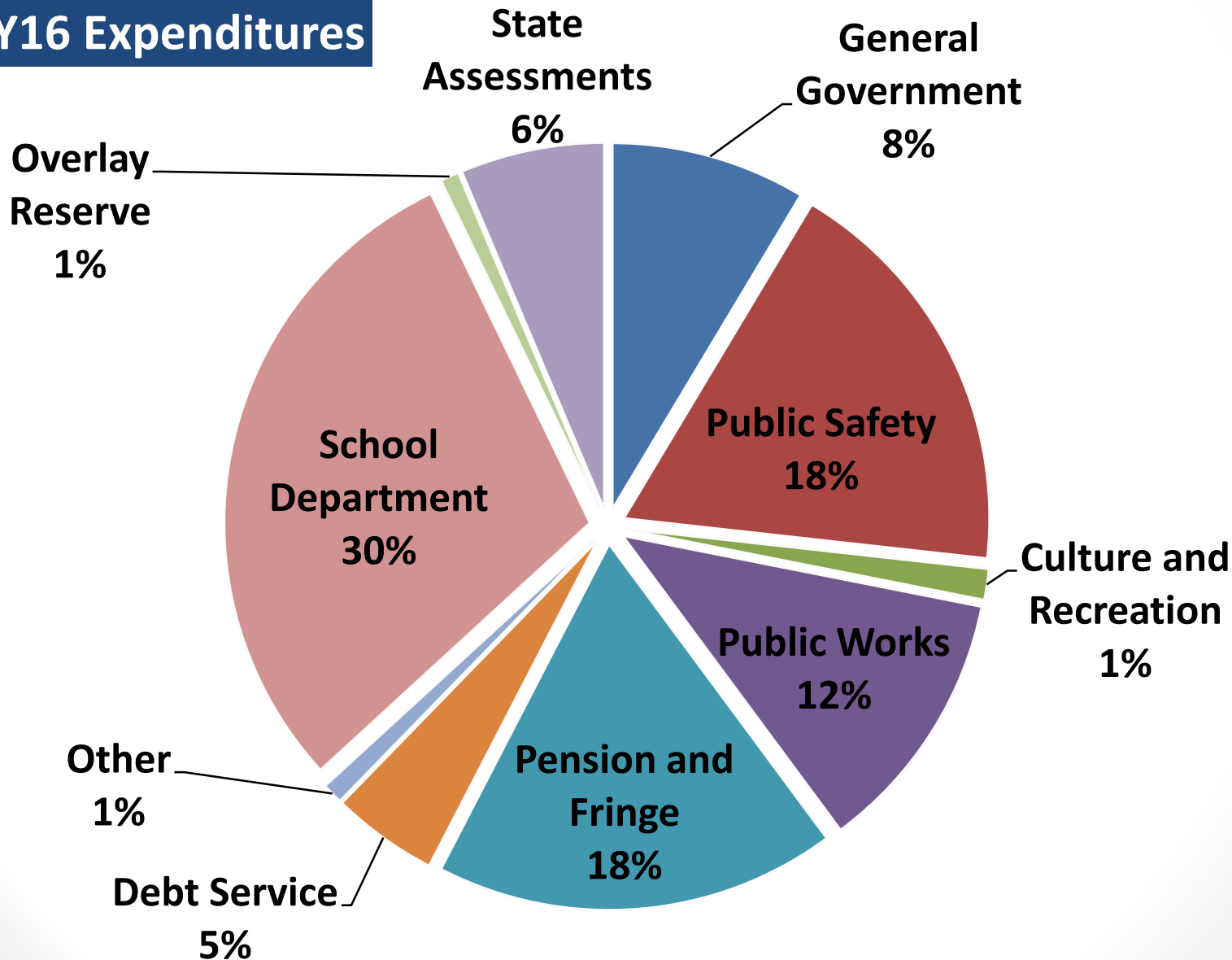
# Values Driven Budget

Continued investment  
in our schools and core  
services.



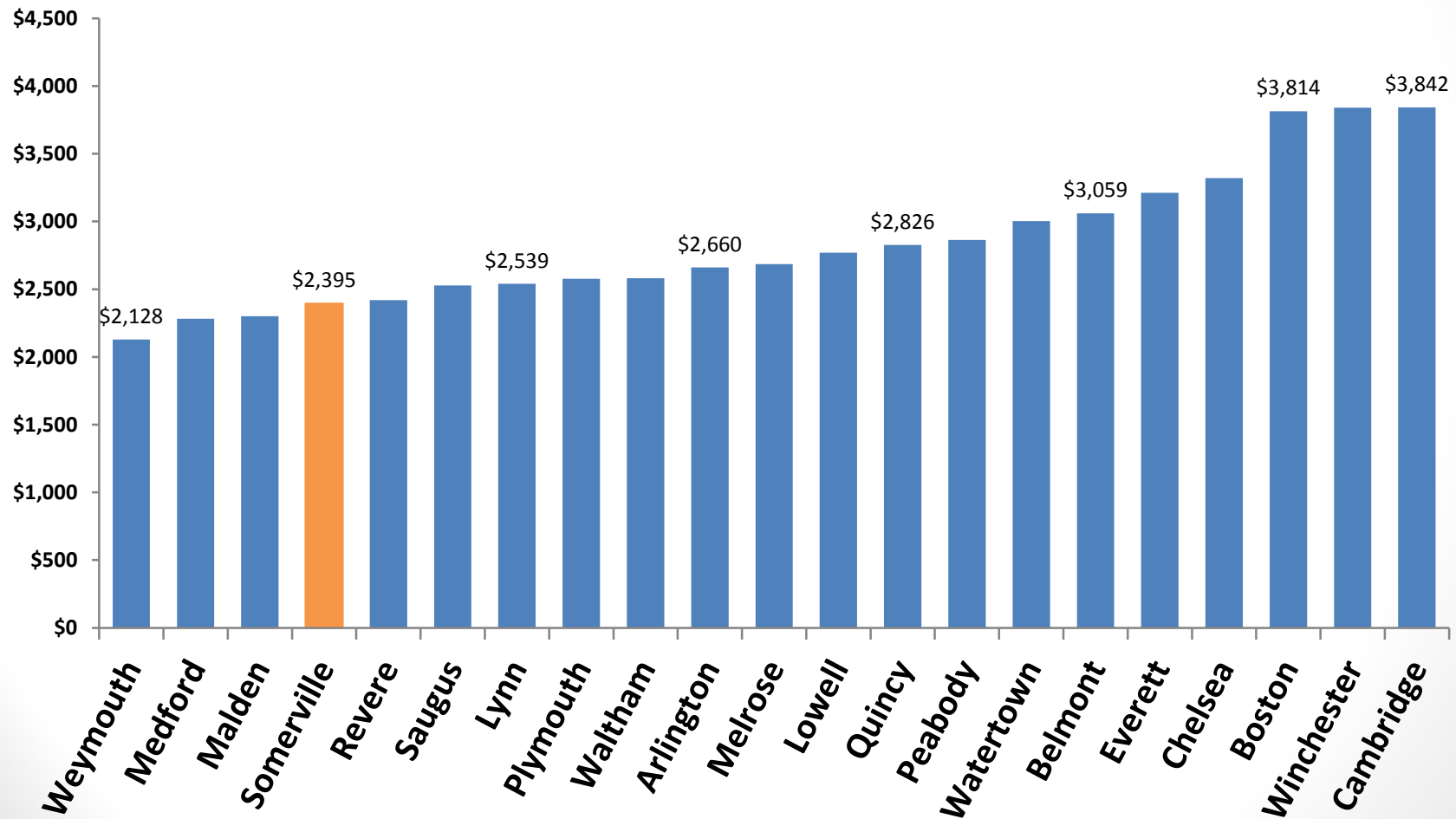
# General Fund Expenditures

## FY16 Expenditures



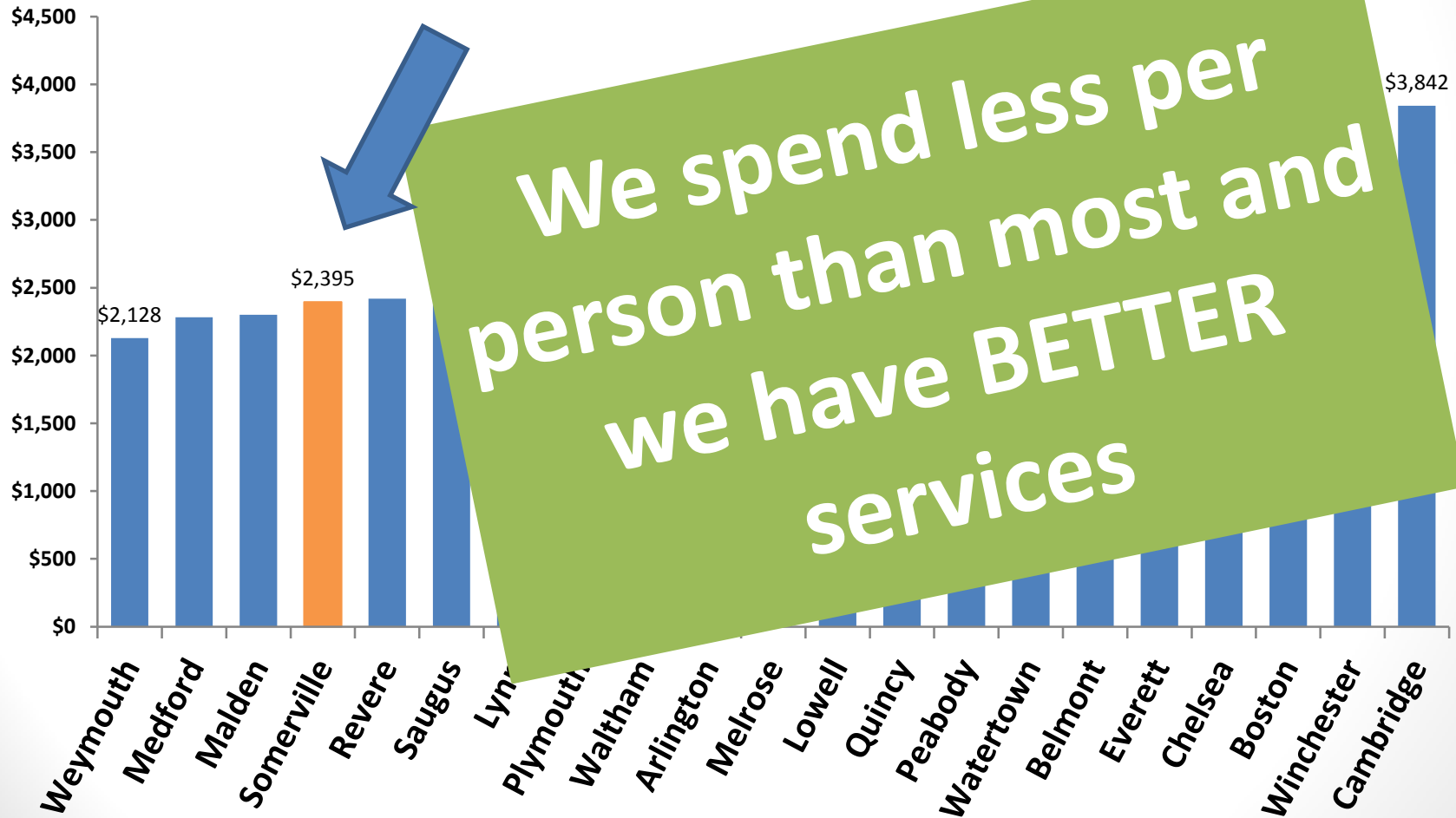
# Some of the Lowest Spending Per Capita

## FY15 General Fund Spending Per Capita



# Some of the Lowest Spending Per Capita

FY15 General Fund Spending Per Capita



# Spending per Capita

(General Fund FY15)



Somerville: \$2,395



Boston: \$3,814



Cambridge: \$3,842



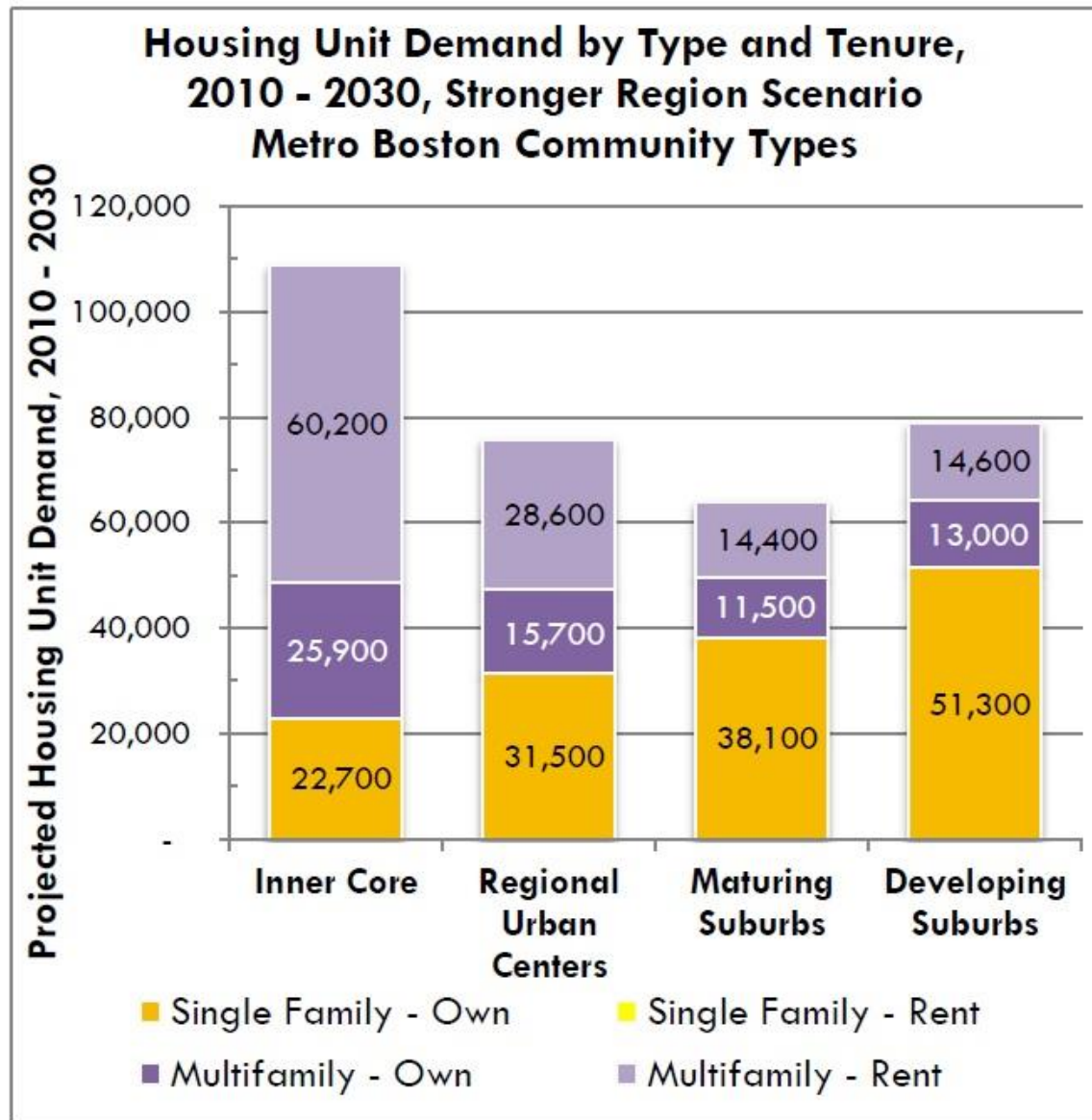
# Market Pressures

Supply vs. Demand

435,000 homes needed by 2040

9,000 homes needed in Somerville

# MAPC Report: 435,000 Homes by 2040





# Greater Boston: One of Most Expensive Housing Markets in the U.S.

SEPTEMBER 2015

Boston Metro

## National Home Values

Current: \$182,500  
Monthly Change: 0.3%  
Quarterly Change: 0.9%  
Annual Change: 3.7%  
Negative Equity\*: 14.4%

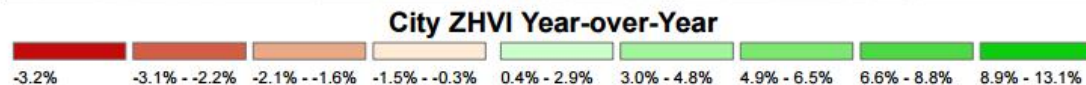
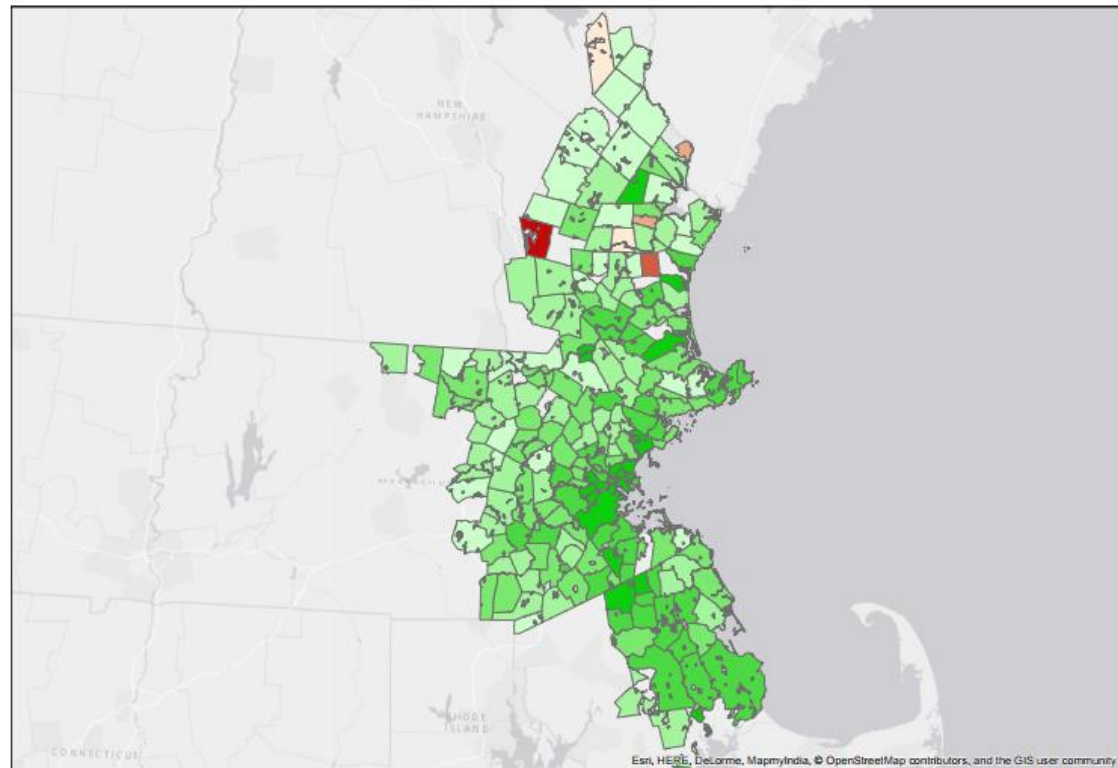
## Boston Home Values

Current: \$381,100  
Monthly Change: 0.8%  
Quarterly Change: 2.2%  
Annual Change: 5.7%  
Negative Equity\*: 7.9%

## Home Values Forecast



(next 12 months)

National: 2.4%  
Boston Metro: 2.7%



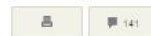
Source: Zillow Home Value Index Projections

# Greater Boston Market: High cost of building housing

Menu  **Business** SPOTLIGHT  The story behind Spotlight in our free e-book [Subscribe](#) Starting at 99 cents [Members Sign in](#)

## Land costs, labor drive Boston-area housing prices out of control

Boston area housing costs hitting extreme levels



JOHN TLUMACKI / GLOBE STAFF

Construction underway on One Seaport Square which is opposite the Moakley Federal Courthouse. It will be housing and retail.

By **Tim Logan** | GLOBE STAFF NOVEMBER 13, 2015

Boston will be stuck in an endless housing crunch, despite adding tens of thousands of new residences in the past few years, unless it finds a way to curb the rapidly increasing cost of building here, a Boston Foundation report to be released Friday finds.

The study found that surging land costs, along with the already-high price of labor and materials, make it nearly impossible for developers to build new housing most Boston-area residents can afford.

“Boston will be stuck in an endless housing crunch, despite adding tens of thousands of new residences in the past few years, unless it finds a way to curb the rapidly increasing cost of building here, a Boston Foundation report finds.”



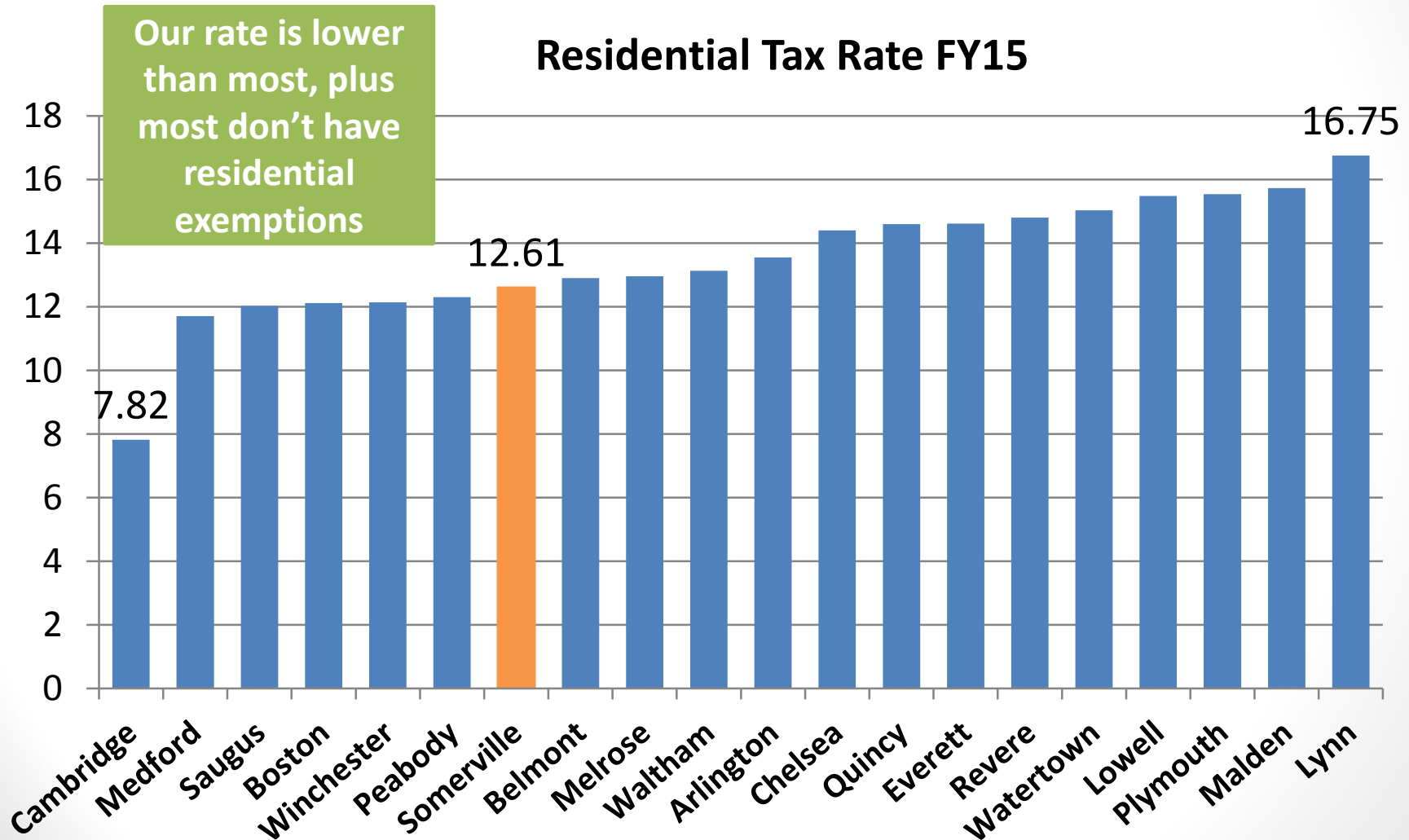
An aerial photograph of a city neighborhood. In the foreground, there are several multi-story houses with light-colored siding and dark roofs, surrounded by green trees. A street with parked cars runs alongside the houses. To the right, a prominent stone tower with crenellations stands on a grassy hill. In the background, a dense urban skyline with various skyscrapers is visible under a clear sky. A tall flagpole with the American flag is positioned near the tower.

# Maintaining Lower Tax Rates

&

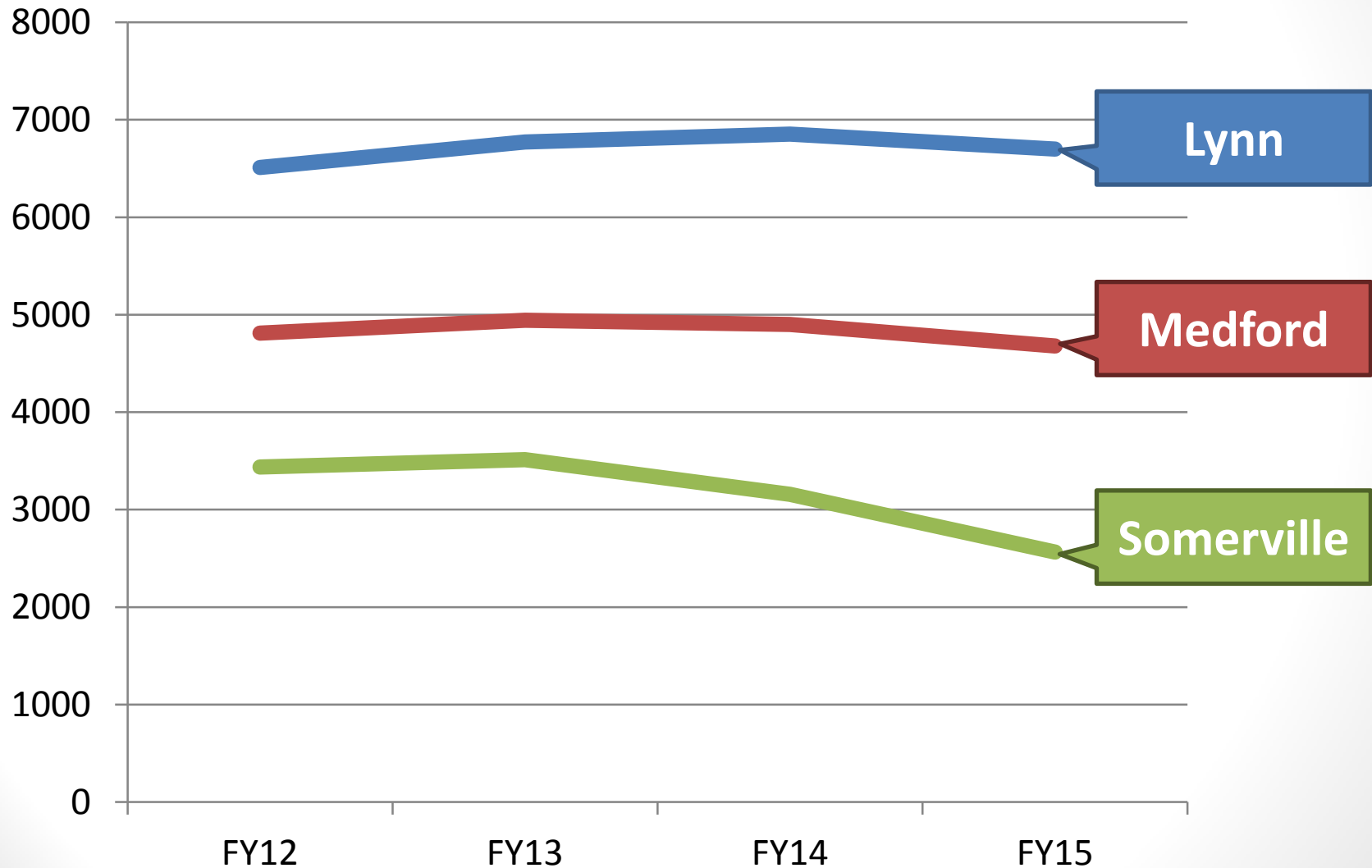
# Delivering Quality Service

# We're Keeping Our Residential Tax Rate Lower



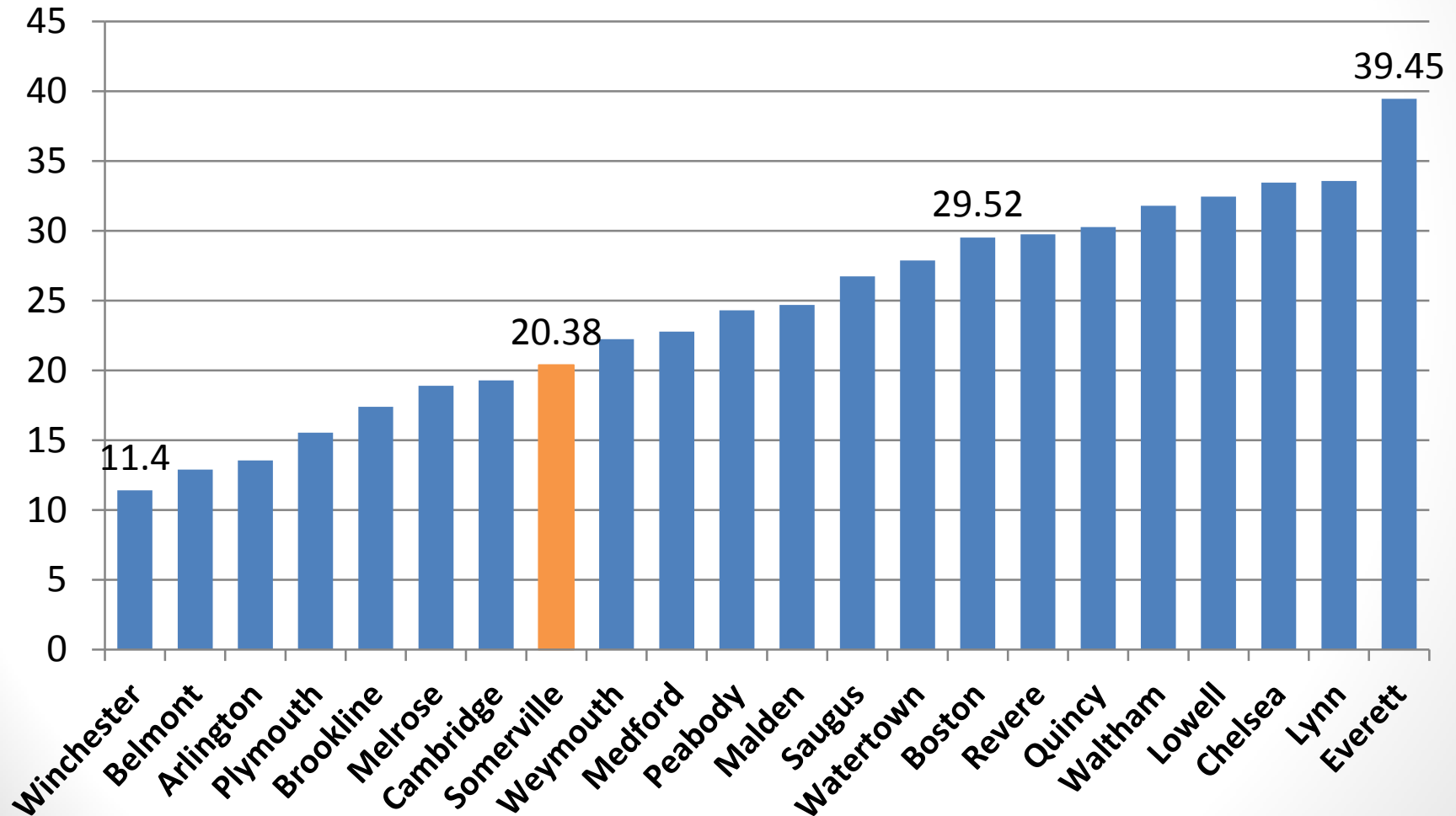
# Comparative Tax on a \$400k Property

## The Strength of the Residential Exemption



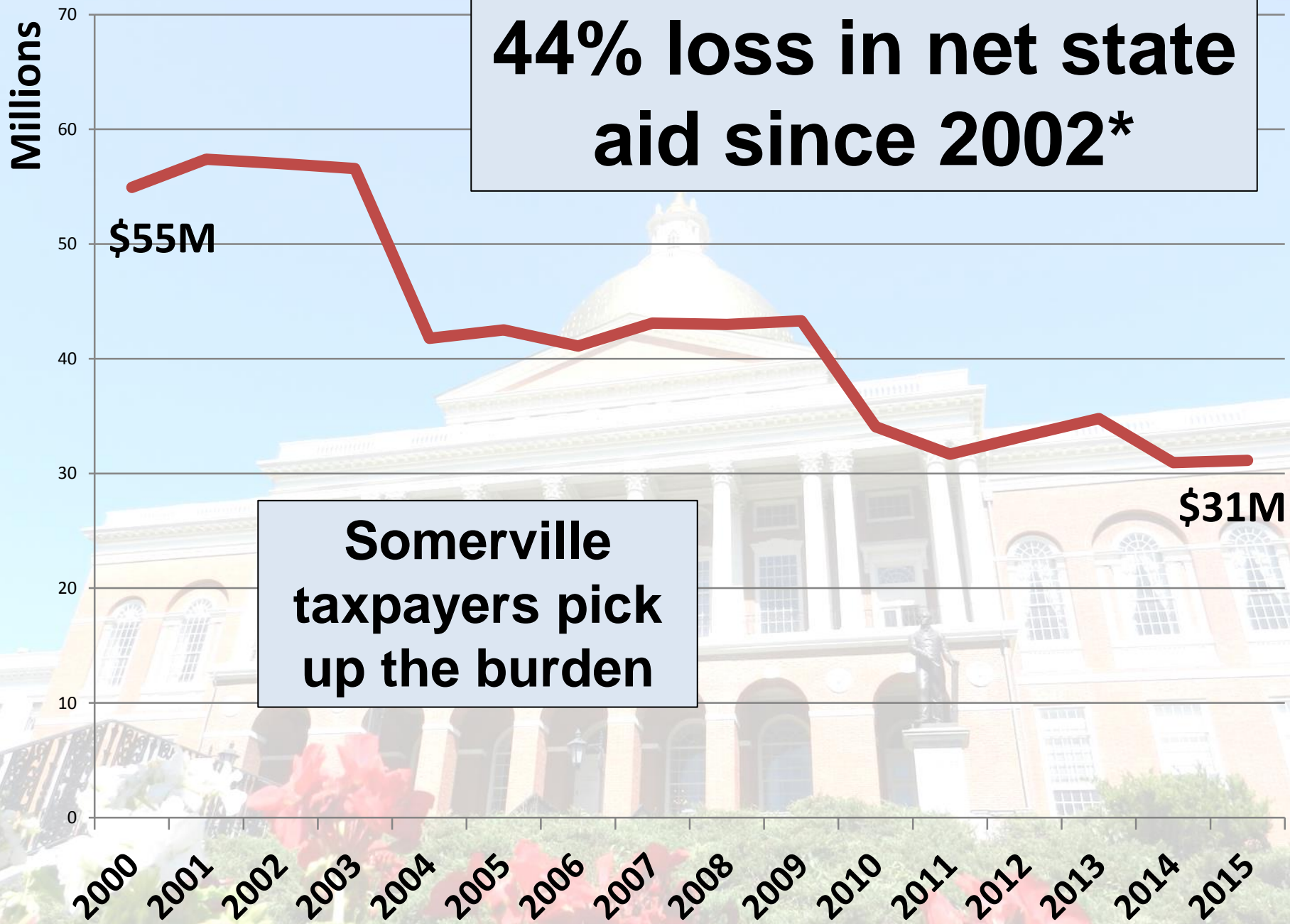
# We're Keeping Our Commercial Tax Rate Lower

FY15 Commercial Tax Rate





**44% loss in net state aid since 2002\***



\*In real dollars



# SomerVision: New Jobs & Commercial Development by 2030

Current Commercial Space	9,700,000 SF
Projected Added in the next 10 Years	7,304,400 SF*
<b>Projected total</b>	<b>17,004,400 SF</b>



# Sustainable Neighborhoods



Building a Comprehensive Plan  
For Affordable Housing in the  
City of Somerville

Somerville is thriving  
because we invest, for  
the long-haul, in our  
orienting values

**Make Somerville  
a Great Place to  
Live,  
Work,  
Play and  
Raise a Family**

